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SENSITIVE

September 5, 2007

Ms. Mary Dove
Commission Secretary
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 5785

Dear Ms. Dove:

My firm is counsel to James E. Pederson, Pederson 2006 ("the Committee"), and Carter Olson as Treasurer ("Respondents"). I write in response to the General Counsel's Brief, dated August 27, 2007.

The facts are not in dispute. On March 31, 2006, Mr. Pederson contributed \$2,000,000 to the Committee; this contribution was in excess of twice the threshold amount for Arizona senatorial candidates, and triggered an obligation to file a Form 10 within 24 hours of the expenditure with the Commission, the Secretary of the Senate, and to each opposing candidate; as Mr. Pederson was unopposed for nomination from the Democratic Party, there were no opposing candidates to receive notifications. See General Counsel's Brief, p. 1; 2 U.S.C. § 434(a)(6)(B)(iii); 11 C.F.R. § 400.21. This initial Form 10 was filed six days late, on April 7, 2006.¹ On June 30, 2006, Mr. Pederson expended an additional \$275,00 in personal funds on his campaign. The related Form 10 was filed three days late, on July 4, 2006.²

¹ The General Counsel's Brief correctly notes that this initial Form 10 was filed six days late, and the public record confirms that it was filed on April 7, 2006. See General Counsel's Brief, p. 2.

² The General Counsel's Brief correctly notes that this Form 10 was filed three days late, and the public record confirms that it was filed on April 7, 2006. See General Counsel's Brief, p. 2.


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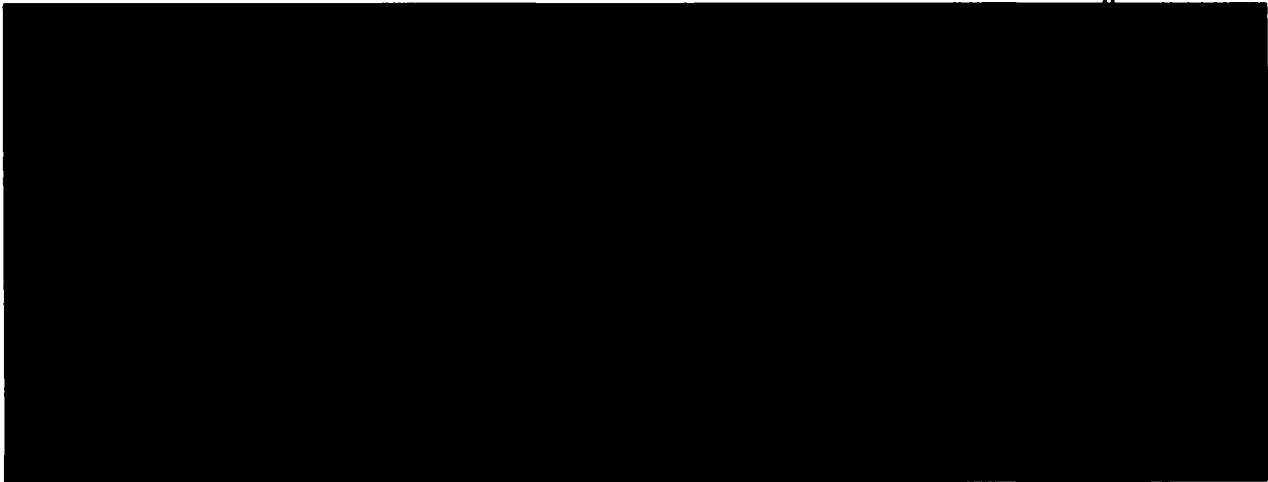
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There is no allegation that these late filings were the result of anything but innocent mistakes. As the previously submitted affidavit from Darryl Tattrie makes clear, the first late filing was due to an erroneous belief by the Committee staff that the requirement to file the initial Form 10 was triggered by the expenditure of Mr. Pederson's personal funds by the Committee, not the contribution of funds to the Committee. The second late filing was due to a miscommunication among Committee staff, exacerbated by the July 4th weekend. Moreover, as Mr. Pederson was unopposed in this election, no candidates were prejudiced or disadvantaged.



The Complaint alleged only a violation of 2 U.S.C. § 434(a), and the Commission only found reason to believe that Respondents violated § 434(a); moreover, there are no facts that indicate that the failure to timely file Forms 10 was due to anything other than mistake. As a result, the clear text of the statutes and regulations governing the administrative fine program indicate that this matter should have been processed under Subpart B of Part 111. See 2 U.S.C. § 437g(a) (4)(C); 11 C.F.R. §§ 111.30, .31(b).



As this matter involved only violations of the reporting requirements of 2 U.S.C. § 434(a), and there is no allegation that they were anything other than routine late filings, it

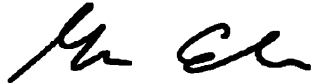
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should have proceeded under the administrative fine program.



I look forward to the opportunity to address this important issue before the Commission.

Very truly yours,



Marc E. Elias
Counsel to Jim Pederson, Pederson 2006,
& Carter Olsen as Treasurer

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